

## Internal Revenue Service

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## Department of the Treasury

Washington, DC 20224

Third Party Communication: None

Date of Communication: Not Applicable

Person To Contact:

, ID No.

Telephone Number:

Refer Reply To:

CC:CORP:B06

PLR-154028-09

Date:

March 19, 2010

### LEGEND

Parent =

Corp A =

Corp B =

Sub 1 =

Sub 2 =

Sub 3 =

Sub 4 =

Sub 5 =

Sub 6 =

Merger Sub 1 =

Merger Sub 2 =

Merger Sub 3 =

Merger Sub 4 =

Merger Sub 5 =

Merger Sub 6 =

Y Business =

Z Business =

Y Subs =

Y Merger Subs =

LLC 1 =

LLC 2 =

LLC 3 =

State a =

State b =

State c =

Dear :

This letter responds to your December 11, 2009, letter requesting rulings on certain federal income tax consequences of a proposed transaction described below (the "Proposed Transaction"). Additional information was received. The information provided in these letters is summarized below.

### **Facts**

Parent is a domestic state a corporation and is the Parent corporation of an affiliated group of corporations that files a federal consolidated income tax return. "Parent Group"

Corp A, a state a first tier wholly owned subsidiary of Parent, and a member of the Parent Group, owns all the stock of Corp B, a newly formed state b corporation that is a member of the Parent Group. Corp A owns all the stock of Sub 1, Sub 2, Sub 3, Sub 4, Sub 5 and Sub 6. Each of Sub 1, Sub 2, Sub 3, Sub 4, Sub 5 and Sub 6 is a domestic corporation and a member of the Parent Group. Sub 1, Sub 4 and Sub 5 are state b corporations. Sub 2 and Sub 6 are state c corporations. Sub 3 is a state a corporation.

Sub 1, Sub 2, Sub 3, Sub 4, Sub 5 and Sub 6 each conduct part of the Y Business. Other members of the Parent Group conduct the Z business.

Corp B owns all the membership interests of each of LLC 1, LLC 2 and LLC 3. Each of LLC 1, LLC 2 and LLC 3 is a single member state b limited liability company that is disregarded for federal income tax purposes within the meaning of § 301.7701-3(b) of the Income Tax Regulations.

LLC 1 owns all the stock of Merger Sub 1. LLC 2 owns all the stock Merger Sub 2. LLC 3 owns all the stock of Merger Sub 3, Merger Sub 4, Merger Sub 5 and Merger Sub 6. Merger Sub 1, Merger Sub 2, Merger Sub 3, Merger Sub 4, Merger Sub 5 and

Merger Sub 6 are newly formed state b corporations. Each of the Y Merger Subs was formed for the purpose of the Proposed Transactions (as defined below).

### **Proposed Transactions**

To improve efficiency and simplify its corporate structure to reflect the separation between the Y Business and the Z Business, Parent will restructure a number of its subsidiaries so that Corp B will be the new holding company for the Y Business. Following the internal restructuring, Corp B will own, directly or indirectly, the Y Subs, which conduct the Y Business and Corp B will not own or conduct the Z Business. The internal restructuring will include the following steps (the “Proposed Transactions”):

- (i) Merger Sub 1 will merge with and into Sub 1 and Sub 1 will be the surviving corporation (“Merger 1”). In Merger 1, Corp A will receive voting common stock of Corp B and “other property” within the meaning of § 356(a)(1)(B).
- (ii) Merger Sub 2 will merge with and into Sub 2 and Sub 2 will be the surviving corporation (“Merger 2”). In Merger 2, Corp A will receive voting common stock of Corp B and “other property” within the meaning of § 356(a)(1)(B).
- (iii) Merger Sub 3 will merge with and into Sub 3 and Sub 3 will be the surviving corporation (“Merger 3”). In Merger 3, Corp A will receive voting common stock of Corp B and “other property” within the meaning of § 356(a)(1)(B).
- (iv) Merger Sub 4 will merge with and into Sub 4 and Sub 4 will be the surviving corporation (“Merger 4”). In Merger 4, Corp A will receive voting common stock of Corp B and “other property” within the meaning of § 356(a)(1)(B).
- (v) Merger Sub 5 will merge with and into Sub 5 and Sub 5 will be the surviving corporation (“Merger 5”). In Merger 5, Corp A will receive voting common stock of Corp B and “other property” within the meaning of § 356(a)(1)(B).
- (vi) Merger Sub 6 will merge with and into Sub 6 and Sub 6 will be the surviving corporation (“Merger 6”). In Merger 6, Corp A will receive voting common stock of Corp B and “other property” within the meaning of § 356(a)(1)(B).

After the Proposed Transactions, Parent will continue as the common parent of the Parent Group.

### **Representations**

The taxpayer has submitted the following representations in connection with the Proposed Transaction:

- (i) Each of Merger 1, Merger 2, Merger 3, Merger 4, Merger 5 and Merger 6 will qualify as a reorganization under section 368(a)(1)(A) by reason of the application of section 368(a)(2)(E) of the Code;
- (ii) Neither Corp A, Corp B nor any of the Y Subs will become a member of the Parent Group or a nonmember of the Parent Group as part of the Proposed Transactions within the meaning of section 1.1502-13(f)(3)(i) of the Income Tax Regulations;

### **Rulings**

Based solely on the information submitted and the representations set forth above, we rule that the other property received by Corp A in Merger 1, Merger 2, Merger 3, Merger 4, Merger 5 and Merger 6 will be treated as having been received by Corp A in a separate transaction immediately after each merger pursuant to section 1.1502-13(f)(3)(ii) of the Income Tax Regulations.

### **Caveats**

The rulings contained in this letter are based on facts and representations submitted by the taxpayer and accompanied by a penalty of perjury statement executed by an appropriate party. This office has not verified any of the materials submitted in support of the request for rulings. Verification of the information, representations, and other data may be required as part of the audit process.

We express no opinion about the tax treatment of the transactions described above under other provisions of the Code or Income Tax Regulations, or the tax treatment of any conditions existing at the time of, or effects resulting from, the transactions described above that are not specifically covered by the above rulings.

In particular we express no opinion on whether each of Merger 1, Merger 2, Merger 3, Merger 4, Merger 5 and Merger 6 will qualify as a reorganization under section 368(a)(1)(A) by reason of the application of section 368(a)(2)(E) of the Code.

### **Procedure**

This ruling letter is directed only to the taxpayer requesting it. Section 6110(k)(3) provides that it may not be used or cited as precedent.

A copy of this letter must be attached to any income tax return to which it is relevant. Alternatively, any taxpayer filing its return electronically may satisfy this

requirement by attaching a statement to the return that provides the date and control number of this letter ruling.

In accordance with the power of attorney on file in this office, a copy of this ruling letter will be sent to your authorized representative.

Sincerely,

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Virginia S. Voorhees  
Senior Technician Reviewer, Branch 6  
Office of Associate Chief Counsel (Corporate)

cc: